Vendor

A → Complete W-9 and ACH. Sent to Accounts Payable → Enter Vendor Data

Notification of inactive status ← 1

Accounts Payable

Identify Need for New Vendor → New Vendor Needed

New Vendor Needed —Yes→ Request W-9 from Vendor and ACH → Completed W-9 and ACH → Enter Vendor Data

New Vendor Needed —No→ Vendor Change Needed?

Vendor Change Needed? —No→ End

Vendor Change Needed? —Yes→ Enter Vendor Change

Notification of Inactive Status

Accounts

1 ← Notify requestor of vendor's inactive status ←No— Approve Vendor Submission? —Yes→ Approve → File W-9 → End

Edison/ Web Access

Update

Update   Update → Changes to Vendors used by system

Process: Accounts Payable	**File:** To Be AP-01 Vendor Maintenance
Sub-Process: AP-01 Vendor Maintenance	**Date:** 10/21/05
Prepared by: Project Edison – State of Tennessee	**Page:** 1/2

Vendor

Desire to do business with the State or change data

Enters registration on-line via Web

Additional information or clarification as needed

Central Purchasing

Reviews data for accuracy and completeness

Approve purchasing sections? — No → Resolve items with Vendor → Makes corrections as neeeded

Yes → Enter approval and route to next approver

DOT Fiancial

TDOT vendor? — Yes → Reviews data for accuracy and completeness → Aprove TDOT sections? — No → Resolve items with Vendor → Makes corrections as neeeded

Yes → Enter approval to continue

No

Diversity

Diversity needs to review? → Reviews data for accuracy and completeness → Approve diversity sections? — No → Resolve items with Vendor → Makes corrections as neeeded

Yes → Enter approval to continue

OCR

OCRy needs to review? → Reviews data for accuracy and completeness → Approve OCR section? — No → Resolve items with Vendor → Makes corrections as neeeded

Yes → Enter approval to continue

Edison/ Web Access

Updates Edison in pending status

A

Updates ERP in pending status

Updates ERP in pending status

Process Name: Accounts Payable	**Process Identifier:** AP
Sub-Process Name: Vendor Maintenance	**Sub-Process Identifier:** AP-01

Sub-Process Purpose and Objectives: Maintain vendor file

Sub-Process Description: The State maintains the vendor file which is where vendor information is stored. Vendor self-service should be implemented whereby the vendor can make certain changes to the system and fill out needed electronic forms online. Changes the vendor would be allowed to make would include address changes and commodities serviced for bid opportunities. Changes involving IRS name, business type, and ACH could be keyed by the vendor but require the approval of Accounts. Division of Accounts requires a completed W-9 when a new vendor is added, and completed ACH documentation when applicable.

Sub-Process Trigger(s):	**Key Sub-Process Participants:**
• Vendor desiring to do business with the State • Vendor wanting to change their information	• Division of Accounts • Agencies • Vendors

Inputs:

Input	Format	Volume/Time	Suppliers
Vendor information	Electronic		Vendor

Outputs:

Output	Format	Volume/Time	Recipients
Vendor record	Electronic		Agencies

Performance Measures Tracked:

Measure	Current Value	Target Value

Law, Policy, or Statute Site That Govern Sub-Process:

Law, Policy, or Statute	Change Required (Yes/No)?
IRS rules and regulations	No
NACHA regulations	No

Key Assumptions:

- That the Division of Accounts will control the central vendor table.

Improvements:

- Centralization of all vendor files into one file
- Vendor self service
- Vendors will be assigned vendor numbers thereby improving vendor privacy.

Change Management Concerns:	**Communication Actions:**
Agency subsystems that produce payment transactions would have to be updated to send the new vendor ID number instead of the FEIN or SSN.	- Vendor notification and training/support for vendors - Begin notification of agencies of new vendor numbers as soon as numbers are assigned.

Eliminated Non-Core Systems:

-

Process:	AP Accounts Payable	File:	To Be AP-02 Payments
Sub-Process:	AP-02-1 Invoice Processing (with Purchase Order)	Date:	10/21/05
Prepared by:	Project Edison- State of Tennessee	Page:	1/1

Vendor

Request for Payment → Submit/Resubmit Invoice for Goods/ Services

Accounts

A

Review Invoice and Supporting Documentation → Does Invoice reference a supporting P.O. ? —Yes→ Enter Invoice and update PO

No ↓

PU-02
PO Processing

Perform 3 -Way Matching function within system → Does it match? —No→ Hold status pending goods receipt

Yes ↓

Is it within tolerances? —Yes→ Complete entry in pending status. System will route to supervisor for approval

No ↓

Resolve difference with agency

Review and post when approved

AP-06
Disbursements

Agency

Resolve difference with accounts and vendor as needed

Edison

Update

Performs match and updates PO

Update

Update

Process:	AP Accounts Payable	**File:**	To Be AP-02 Payments
Sub-Process:	AP-02-2 Payment Processing (without Purchase Order)	**Date:**	10/21/05
Prepared by:	Project Edison – State of Tennessee	**Page:**	1/1

Vendor

Request to receive payment → Submit/Resubmit Invoice for Goods/Services → Rejection Issue Resolved? —Yes→

Rejection Issue Resolved? ← Notification Received

Rejection Issue Resolved? —No→ End

Accounts Payable

Should Invoice Have a PO? —Yes→ A

Should Invoice Have a PO? —No→ Verify Payment Information and Seek Approval from Appropriate Party → Approved?

Approved? —Yes→ Does address in Edison match invoice?

Approved? —No→ Notfiy vendor of rejection

Does address in Edison match invoice? —Yes→ Enter Invoice Information, including chart of accounts

Does address in Edison match invoice? —No→ AP-01 Vendor Maintenance

Enter Invoice Information, including chart of accounts → Check Budget for Funding → Submit for Posting Approval → Post Invoice to General Ledger → AP-06 Disbursements

Edison

Update   Update   Update   Update

Process Name: Accounts Payable	**Process Identifier:** AP
Sub-Process Name: Payment Processing	**Sub-Process Identifier:** AP-02

Sub-Process Purpose and Objectives: Pay for goods and services

Sub-Process Description: The agency receives the goods or service and updates Edison with the necessary receipt. The vendor submits an invoice for goods or services rendered. The agency receives the invoice and scans the invoice. Then using workflow the agency obtains the necessary agency invoice approvals. If the agency is approved for Post Audit, then the invoice would be processed for payment once agency approvals have been obtained. If the agency is on Pre-Audit status then workflow would direct the invoice to the Division of Accounts for approval, the invoice would be processed for payment once the Division approved the invoice. If either the Agency AP or Agency programmatic staff rejects the documentation then a notification is sent to the vendor.

Sub-Process Trigger(s):	**Key Sub-Process Participants:**
• Vendor billing State	• Agency • Bank • Division of Accounts • Vendor

Inputs:

Input	Format	Volume/Time	Suppliers
Invoice	Paper		Vendors

Outputs:

Output	Format	Volume/Time	Recipients
Payment	ACH/Warrant	100,000 per month	Vendors

Performance Measures Tracked:

Measure	Current Value	Target Value
Vendor paid timely		

Law, Policy, or Statute Site That Govern Sub-Process:	
Law, Policy, or Statute	**Change Required (Yes/No)?**
	No

Key Assumptions:
- All agencies are on Edison

Improvements:
- Imaging of invoices
- Workflow for payment processing

Change Management Concerns:	**Communication Actions:**
• Sub-systems must submit data in the new format, including information on the requisition number	• Purchase equipment for imaging of invoices

Eliminated Non-Core Systems:
-
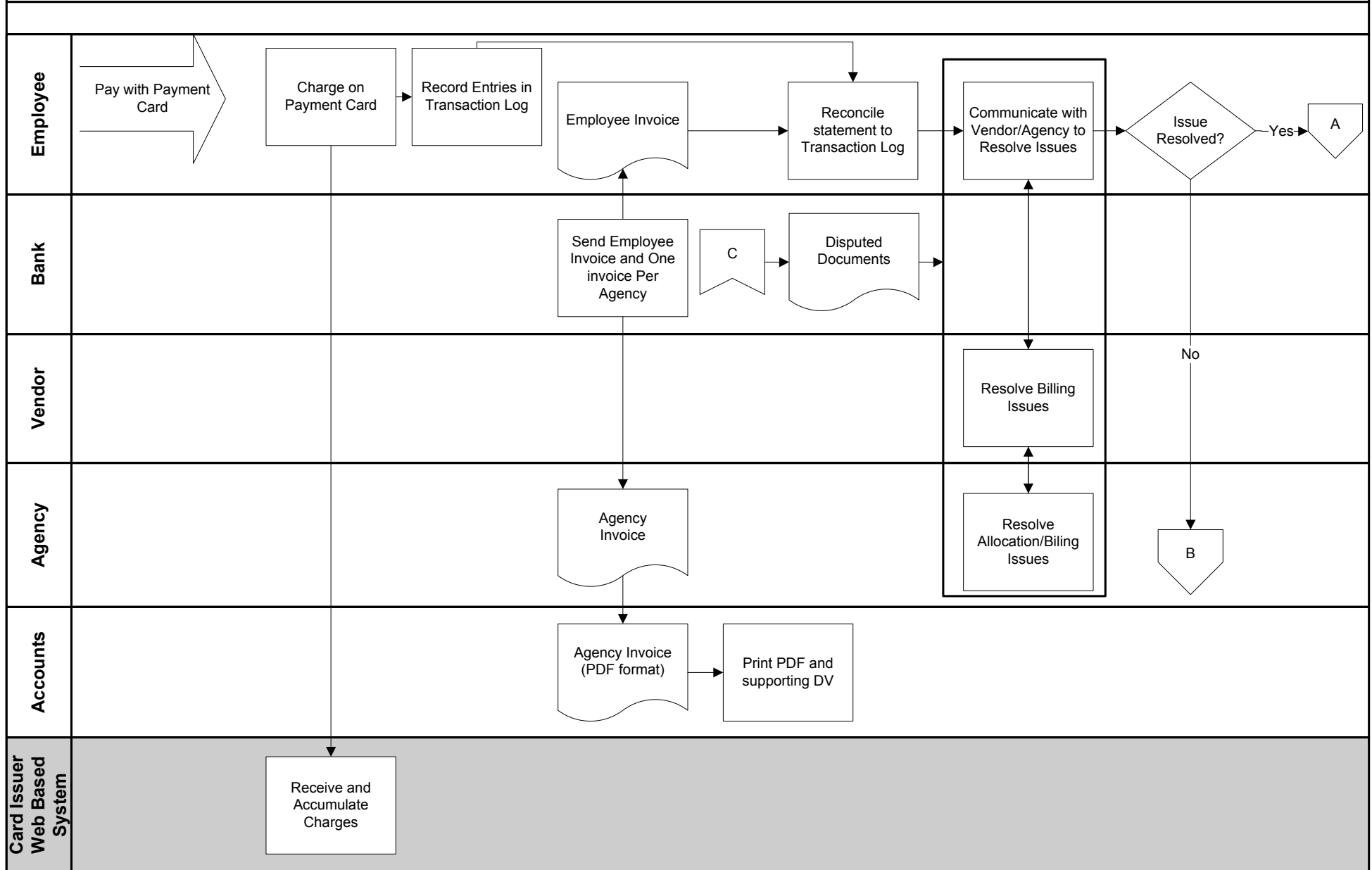
Process: AP Accounts Payable
Sub-Process: AP-03 Payment Card
Prepared By: Project Edison – State of Tennessee

File: To Be AP-03 Payment Card
Date: 10/2105
Page: 1/2

Employee	Pay with Payment Card → Charge on Payment Card → Record Entries in Transaction Log → Employee Invoice → Reconcile statement to Transaction Log → Communicate with Vendor/Agency to Resolve Issues → Issue Resolved? — Yes → A
Bank	Send Employee Invoice and One invoice Per Agency → C → Disputed Documents
Vendor	Resolve Billing Issues
Agency	Agency Invoice / Resolve Allocation/Biling Issues / No → B
Accounts	Agency Invoice (PDF format) → Print PDF and supporting DV
Card Issuer Web Based System	Receive and Accumulate Charges

Accounts

State Invoice → Calculate and Record Rebate → AP-02 / Online Invoice → Compare Invoice to P-Card File Info → Fail Review? → Yes → Obtain New File from Bank

Fail Review? → No → GL-02 / Journal Voucher Entry ← Sample and review file; Resolve issues

Agency

B → Agency Attempts to Resolve Outstanding Issues → Successful Resolution? → No → Disputed Charges

Successful Resolution? → Yes

A → Allocate Charges → Sends Disputed Documents to Bank → C

Complile and send documents to Accounts

Edison

Rebate Recorded in System

P-Card Info → ERP Updated

Process Name: Accounts Payable	**Process Identifier:** AP
Sub-Process Name: Payment Card	**Sub-Process Identifier:** AP-03

Sub-Process Purpose and Objectives: Pay for goods and services obtained using a payment card

Sub-Process Description:
Employees pay for goods and services using a payment card. They also record the transaction in their personal log, which is a spreadsheet listing each transaction, vendor, amount and what was purchased. The bank sends a monthly statement to each employee and an invoice for each agency to the Division of Accounts (Accounts). The employee compares the statement to the personal log. If the employee identifies any issues, then the agency, vendor and employee attempt to resolve them. If the agency is unable to resolve the issue, the charge is disputed in the AccessOnLine system (system maintained by the bank). An extract file is generated out of AccessOnLine to update Edison, within Edison the payment card charges are allocated to the correct accounting.

Accounts will review each agency's invoice and calculate and record a rebate (the rebate from the payment card company is based on expenditure volume) and direct invoice in Edison. The invoice is paid to the bank by Accounts. Two weeks later, Accounts will also compare the payment card extract to the invoice. If any issues are found, then Accounts will obtain a new file. If the file and invoice pass review, a journal voucher is made to allocate the charges to the appropriate area.

Sub-Process Trigger(s):	**Key Sub-Process Participants:**
• Employee charges on payment card • Monthly invoice	• Agency • Employee • Bank • Division of Accounts

Inputs:

Input	Format	Volume/Time	Suppliers
Invoice	Electronic	1534 Active Employees and increasing	Bank

Outputs:

Output	Format	Volume/Time	Recipients
Payment	ACH	One per month	Bank

Process Name: Accounts Payable	**Process Identifier:** AP
Sub-Process Name: Payment Card	**Sub-Process Identifier:** AP-03

Performance Measures Tracked:

Measure	Current Value	Target Value
Bank paid on time	$1,000,000 per month	

Law, Policy, or Statute Site That Govern Sub-Process:	
Law, Policy, or Statute	**Change Required (Yes/No)?**
	No

Key Assumptions:
- That the Edison system will have software to reallocate payment card charges
-

Improvements:
- We plan to expand the usage of the payment card to allow most items to be paid using the payment card.

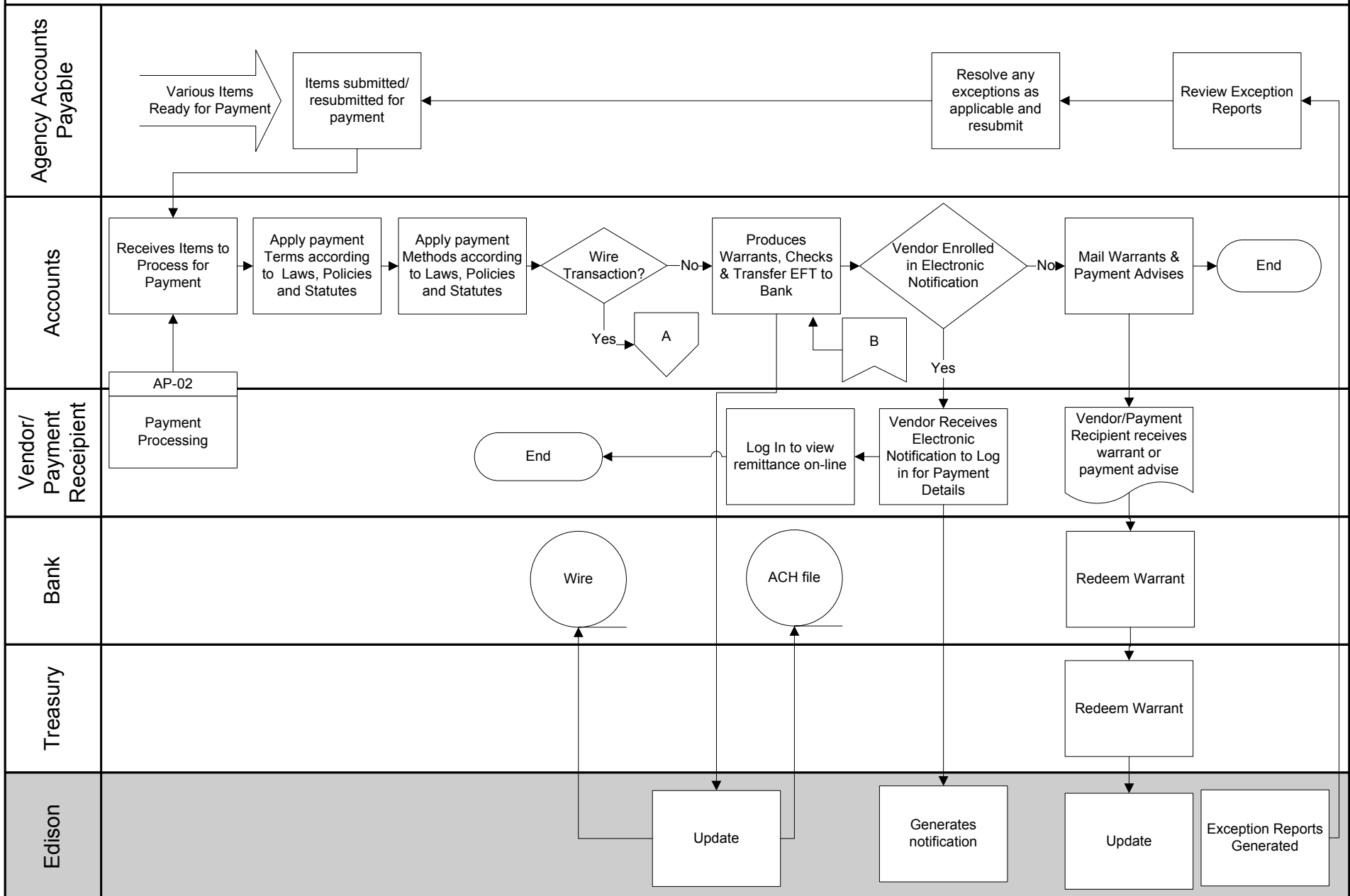| **Change Management Concerns:**	**Communication Actions:**
•	•

Eliminated Non-Core Systems:
-

Process:	AP Accounts Payable	File:	To Be AP-04 1099 Processing
Sub-Process:	AP-04 1099 Processing	Date:	10/21/05
Prepared by:	Project Edison -State of Tennessee	Page:	1/2

Accounts

IRS Reporting Requirements → Request 1099 Reports → 1099 Reports → Review Reports

Non-Edison 1099 reporting → A

Review Reports → Make changes to Vendor as necessary → Record correcting entries as necessary → Request 1099 File → Request 1099 Forms → Mail forms to Vendors

Transmit File to IRS

Vendor

1099 Form received

End

Internal Revenue Service

File Received

Edison

Generate 1099 Reports by Vendor

Update

Update

Generate File

Generate 1099 Forms

Accounts

A → Send Non-Edison 1099 Trials data in IRS format as necessary → ISM Trial file → Proposed Final file → Review for proper IRS format → Yes → Transmit file to IRS → END

No

Agency

Prepare Non-Edison 1099 final file in IRS format → Mail forms → Fix format

Vendor

1099

IRS

ISM trial file

Final

Process Name: Accounts Payable	**Process Identifier:** AP
Sub-Process Name: 1099 Processing	**Sub-Process Identifier:** AP-04

Sub-Process Purpose and Objectives: Process 1099s prior to IRS deadlines

Sub-Process Description: Provide reports to agencies to review prior to December 31 (tentative view of what payments made to vendors are going to be reported to the IRS). This will allow time to make initial required changes in the system prior to the actual reports being generated in January.

In January, generate an actual file of what is to be reported to the IRS. The agencies should then review the files again for accuracy and make necessary changes to update the IRS file. In late January, the 1099 forms are to be printed for distribution to the vendors. Each vendor reviews the 1099 and works with Accounts and the agencies as needed to resolve any issues. Prior to the IRS filing deadline of March 31, Accounts should transmit a file to the IRS.

In addition, agencies send non-Edison 1099 files in the required IRS format for Accounts to review for conformity to the IRS 1099 format. Once Accounts approves the files, the files are transmitted to the IRS. This will not be part of the Edison process.

Sub-Process Trigger(s):	**Key Sub-Process Participants:**
• Three months prior to calendar year end	• Division of Accounts • Agencies • Internal Revenue Service • Vendors

Inputs:

Input	Format	Volume/Time	Suppliers
ERP History	Electronic	30,000 per year	ERP
Changes from agencies	Electronic	1,000 per year	agencies
Non-ERP 1099 files from agencies	Electronic	10 per year	Agencies

Process Name: Accounts Payable	Process Identifier: AP
Sub-Process Name: 1099 Processing	Sub-Process Identifier: AP-04

Outputs:

Output	Format	Volume/Time	Recipients
1099 Forms	Paper	30,000 per year	Vendor
1099 File	Electronic	15 per year	IRS

Performance Measures Tracked:

Measure	Current Value	Target Value
Generate paper 1099 files	January 31	January 31
Transmit 1099 file electronic	March 31	March 31

Law, Policy, or Statute Site That Govern Sub-Process:	
Law, Policy, or Statute	**Change Required (Yes/No)?**
IRS rules and regulations	No

Key Assumptions:
- Non-ERP 1099s will not be processed in Edison (i.e., unemployment compensation, retirement).

Improvements:
- 1099 process is more automated

Change Management Concerns:	**Communication Actions:**
•	•

Eliminated Non-Core Systems:
-

Process: AP Accounts Payable	**File:** To Be AP-05 Payment Cancellations
Sub-Process: AP-05 Payment Cancellations	**Date:** 10/21/05
Prepared by: Project Edison – State of Tennessee	**Page:** 1/1

Originator

Error Detected/Need to Cancel Payment

Notify Accounts Payable

Agency Accounts Payable

Review Stop Payment/ Void Check Request Documentation and scan

Notification Received

Accounts

Receive email notification and review

Invoice Document Cleared/Check Printed? — No

Warrant/Check Mailed? — No

Voids checks/ warrants

Cancel warrant/check Reissue Invoice? — No

Cancel Warrant/ Check & Reverse Invoice

End

Yes

Yes

Process stop payment request and notify Treasury

Process Cancellation and Reissue Invoice for Repayment

AP-02

Payment Processing

Treasury

Receive stop payment request

Stop Payment Processed

Edison

Digital image of request

Generates email notification to accounts using workflow rules

Update

Update

Update

Process Name: Accounts Payable	**Process Identifier:** AP
Sub-Process Name: Payment Cancellation	**Sub-Process Identifier:** AP-05

Sub-Process Purpose and Objectives: To cancel a payment.

Sub-Process Description: The agency sends notification to the Treasury to stop payment, unless the agency has the warrant in hand. The Treasury receives the notification and performs a stop payment and updates the outstanding warrant file.

After sending the notification, the agency completes the warrant void request, scans the request (and voided warrant if available), and forwards the request to Accounts electronically. Division of Accounts reviews the request and after approving it, Project Edison is updated for the cancellation and if necessary a reissue is generated.

Sub-Process Trigger(s):	**Key Sub-Process Participants:**
• Lost Warrant • Damaged Warrant • Payment to the Wrong Vendor • Vendor in default to the State/IRS/Court	• Agency • Division of Accounts • Treasury

Inputs:

Input	Format	Volume/Time	Suppliers
Payment Cancellation	Electronic	7,700 per year	Agencies

Outputs:

Output	Format	Volume/Time	Recipients
Warrants Outstanding File	Electronic	7,700 per year	Treasury

Performance Measures Tracked:

Measure	Current Value	Target Value
Warrant removed from outstanding file within 3 days		

Law, Policy, or Statute Site That Govern Sub-Process:	
Law, Policy, or Statute	**Change Required (Yes/No)?**
TCA 12-4-701	No

Key Assumptions:
- Warrants are generated within Edison and that the reconciliation of the bank redemptions and the outstanding list is done within Edison.

Improvements:
- Only one system to update rather than having to update both the accounting system and the warrant outstanding system
- Warrants can be cancelled the next day (presently at least a one day delay)

Change Management Concerns:	**Communication Actions:**
•	•

Eliminated Non-Core Systems:
-

Agency Accounts Payable

Various Items Ready for Payment → Items submitted/resubmitted for payment ← Resolve any exceptions as applicable and resubmit ← Review Exception Reports

Accounts

Receives Items to Process for Payment → Apply payment Terms according to Laws, Policies and Statutes → Apply payment Methods according to Laws, Policies and Statutes → Wire Transaction? —No→ Produces Warrants, Checks & Transfer EFT to Bank → Vendor Enrolled in Electronic Notification —No→ Mail Warrants & Payment Advises → End

Wire Transaction? — Yes → A

B → (Produces Warrants, Checks & Transfer EFT to Bank)

Vendor Enrolled in Electronic Notification — Yes

AP-02

Vendor/Payment Receipient

Payment Processing

End ← Log In to view remittance on-line ← Vendor Receives Electronic Notification to Log in for Payment Details

Vendor/Payment Recipient receives warrant or payment advise

Bank

Wire

ACH file

Redeem Warrant

Treasury

Redeem Warrant

Edison

Update   Generates notification   Update   Exception Reports Generated

Agency Accounts Payable

A → Send Notification to Accounts to Approve Wire Transaction ← Receive Rejection Notice and Correct As Needed

Accounts

Send Notification to Accounts to Approve Wire Transaction → Approve?

Approve? —Yes→ B

Approve? —No→ Receive Rejection Notice and Correct As Needed

Process Name: Accounts Payable	Process Identifier: AP
Sub-Process Name: Disbursements	Sub-Process Identifier: AP-06
Sub-Process Purpose and Objectives: To issue payments in a timely fashion	

Sub-Process Description:

The State pays vendors using a variety of methods including warrants, credit ACH, wires, LGIP (Local Government Investment Pool) and debit ACH. The disbursement method on either the vendor record determines if a payment is made via warrant, LGIP, wire or credit ACH. The vendor executes the debit ACH transaction.

WARRANT
Division of Accounts sets the payment program to run each day. The program reads the warrant writing information and produces warrants. Division of Accounts reviews the warrant and mails it to the vendor. The program should also produce a warrants processed file to update the outstanding warrants file in Project Edison. The vendor attempts to redeem the warrant at the Bank/Federal Reserve. The Federal Reserve produces two files, Remittance Request and Warrant Image, for the Treasury. The Treasury processes the file and if it passes edits, updates the redemption date and sends journal voucher entries to Edison. If there is an exception when the files are processed, the warrant is returned to the Federal Reserve, which then forwards the warrant to the depositor. An exception is a difference in the warrant number or in the dollar amount of the warrant. (Differences in the dollar amount under $25 are not returned to the bank as the Federal Reserve considers these to be immaterial).

NON-WARRANT CREDIT ACH
Division of Accounts sets the payment program to run each day. After receiving and processing the invoice, the payment program runs, producing the credit ACH file and remittance advices. The remittance advice is forwarded to the vendor (either by mail or electronically) and the Treasury is notified that there is a credit ACH file to process. For credit ACH, Treasury will confirm the file with the bank, settle with the bank, and produce journal voucher for Accounts.

Sub-Process Trigger(s):	Key Sub-Process Participants:
• Payable pending in Edison	• Agency • Bank • Division of Accounts • Vendor

Process Name: Accounts Payable		**Process Identifier:** AP	
Sub-Process Name: Disbursements		**Sub-Process Identifier:** AP-06	
Inputs:			
Input	**Format**	**Volume/Time**	**Suppliers**
Invoice	Paper		Vendors
Outputs:			
Output	**Format**	**Volume/Time**	**Recipients**
Payment	ACH/Warrant	100,000 per month	Vendors
Performance Measures Tracked:			
Measure		**Current Value**	**Target Value**
Vendor paid timely			

Law, Policy, or Statute Site That Govern Sub-Process:	
Law, Policy, or Statute	**Change Required (Yes/No)?**
	No

Key Assumptions:
-

Improvements:
- Electronic Remittances
- Outstanding warrant file if integrated in Edison

Change Management Concerns:	**Communication Actions:**
• Sub-systems must submit data in the new format, including information on the requisition number	•

Eliminated Non-Core Systems:
-